

Message Text

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PAGE 01 STATE 170156
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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EAIR, JA

SUBJECT: CIVAIR - GROUND SUPPORT EQUIPMENT

REF: TOKYO 9506

1. EMBASSY IS REQUESTED TO PRESENT FOLLOWING NOTE CONCERN-
ING JAPANESE IMPORT DUTY ON GROUND SUPPORT EQUIPMENT TO
APPROPRIATE JAPANESE AUTHORITIES.

2. TEXT FOLLOWS:

QUOTE. THE US AIRLINES HAVE INFORMED THE US GOVERNMENT
THAT JAPAN DOES NOT ACCORD THEM DUTY AND TAX EXEMPTION
PRIVILEGES IN JAPAN RECIPROCAL TO THOSE EXTENDED TO AIR-
CRAFT OF JAPANESE REGISTRY IN THE US BECAUSE IT ASSESSES
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PAGE 02 STATE 170156

CUSTOMS DUTIES ON GROUND SUPPORT EQUIPMENT THAT THOSE
AIRLINES IMPORT INTO JAPAN. THE US AIRLINES HAVE THEREFORE
REQUESTED US GOVERNMENT ASSISTANCE IN SECURING EXEMPTION
FROM THESE CUSTOMS DUTIES TO WHICH RECIPROCITY SHOULD
ENTITLE THEM, AND IN RECOVERING THE DUTIES THAT WERE
ASSESSED IN THE PAST.

IN 1954 THE US DEPARTMENT OF COMMERCE ADVISED THE TREASURY DEPARTMENT THAT AIRCRAFT OF JAPANESE REGISTRY SHOULD BE

EXEMPTED FROM PAYMENT OF CUSTOMS DUTIES AND INTERNAL REVENUE TAXES ON AIRCRAFT SUPPLIES IN CONNECTION WITH THEIR INTERNATIONAL COMMERCIAL OPERATIONS. AIRCRAFT SUPPLIES WERE DEFINED TO INCLUDE FUEL, LUBRICANTS, SPARE PARTS, CONSUMABLE SUPPLIES, AND GROUND SUPPORT EQUIPMENT. TREASURY DECISION 53550(1) OF 1954 IMPLEMENTED THIS FINDING. THESE EXEMPTION PRIVILEGES ARE EXTENDED ON THE CONDITION THAT AIRCRAFT OF US REGISTRY ARE ACCORDED SUBSTANTIALLY RECIPROCAL PRIVILEGES IN JAPAN. AS A RESULT JAPAN AIR LINES (JAL HAS BEEN ABLE TO IMPORT GROUND SUPPORT EQUIPMENT INTO THE UNITED STATES FREE OF CUSTOMS DUTIES AND, IN FACT, JAL HAS RECENTLY IMPORTED A MITSUBISHI AIRCRAFT TUG INTO HONOLULU WITHOUT PAYMENT OF DUTY.

BECAUSE OF THIS APPARENT LACK OF RECIPROCITY THE EXEMPTION PRIVILEGES EXTENDED JAL ARE NOW IN JEOPARDY. THE DEPT OF COMMERCE HAS BEEN REQUESTED BY A US AIRLINE TO RESCIND ITS 1954 FINDING OF RECIPROCITY WITH JAPAN WITH RESPECT TO GROUND SUPPORT EQUIPMENT ON THE BASIS THAT RECIPROCAL EXEMPTION PRIVILEGES DO NOT EXIST IN JAPAN. IF THIS QUESTION OF RECIPROCITY IS NOT EXPEDITIOUSLY RESOLVED, THE DEPARTMENT OF COMMERCE WILL BE REQUIRED TO COMMENCE AN LIMITED OFFICIAL USE

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PAGE 03 STATE 170156

INVESTIGATION WHICH COULD RESULT IN THE WITHDRAWAL OF GROUND SUPPORT EQUIPMENT CUSTOMS DUTIES EXEMPTION PRIVILEGES FOR JAL. US CUSTOMS OFFICIALS HAVE BEEN INSTRUCTED TO CONTINUE TO PERMIT THE ENTRY OF GROUND SUPPORT EQUIPMENT IMPORTED BY JAPANESE AIRLINES BUT TO WITHHOLD LIQUIDATION OF THESE ENTRIES UNTIL THE RESOLUTION OF THIS MATTER.

THE ASSESSMENT OF DUTIES ON GROUND SUPPORT EQUIPMENT IMPORTED BY US AIRLINES FOR USE IN CONNECTION WITH THEIR INTERNATIONAL COMMERCIAL FLIGHTS IS CONTRARY TO THE UNDERSTANDING OF THE US GOVERNMENT HAS HAD OF JAPANESE POLICY, AND ON WHICH IT HAS GRANTED EXEMPTION PRIVILEGES. WE HOPE THE PRACTICE WILL BE TERMINATED PROMPTLY AND ARRANGEMENTS BE MADE TO REIMBURSE THE US AIRLINES THE FULL AMOUNT OF THE DUTIES COLLECTED IN THE PAST.

IMMEDIATE RESTORATION OF FULL RECIPROCAL PRIVILEGES WILL OBVIATE THE NEED FOR A FORMAL REEXAMINATION OF THE 1954 FINDING OF RECIPROCITY. UNQUOTE.

3. FYI. LIQUIDATION IS PROCESS BY WHICH FINAL DUTIES

ARE ASSESSED ON IMPORTS. WE HAVE LEARNED THAT THERE IS
BY LAW A 90 DAY LIMITATION FOR REASSESSMENT OF DUTIES ON
IMPORTED SUPPLIES ONCE AN ASSESSMENT OF CUSTOMS DUTIES
HAS BEEN MADE. WITHHOLDING OF SUCH LIQUIDATION SERVES

DUAL PURPOSE. FIRST, IN EVENT COMMERCE PARTIALLY WITH-
DRAWS ITS 1954 FINDING OF RECIPROCITY AND SUCH EQUIPMENT
THEREBY BECOMES DUTIABLE, EQUIPMENT IMPORTED HEREAFTER
BUT WHICH REMAINS UNLIQUIDATED, WOULD BE SUBJECT TO
CUSTOMS DUTY. SECOND, SUCH ACTION WOULD SERVE TO INDICATE
TO JAPANESE US CONCERN REGARDING THIS MATTER.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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